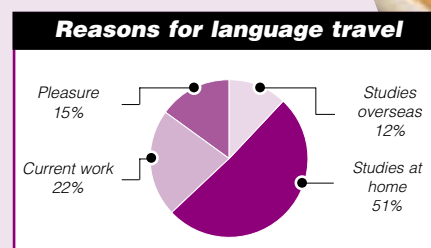
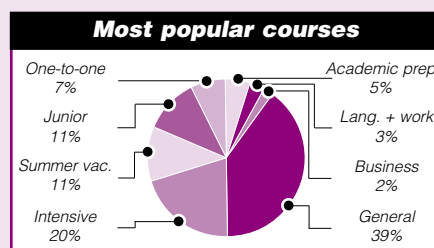
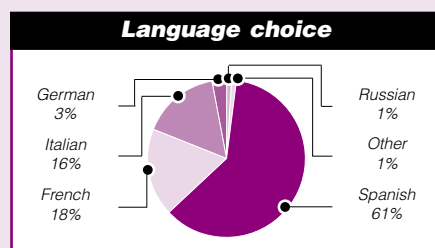


# USA's see-saw

Against all odds, US language travel agents experienced good growth in 2001, according to this issue's Agency survey, although the outlook for 2002 is gloomy.



The USA's weakening economy in 2001 and the terrorist attacks which shook the country in September have undoubtedly damaged consumer confidence. Nevertheless, the US language travel market experienced high growth in 2001, although it did slow towards the end of the year.

By October 2001, when this survey was conducted, all 10 of the US language travel agents who took part in this issue's Agency Survey reported an increase in student numbers of up to 100 per cent. These increases were put down to the individual marketing activities of the agencies themselves, as well as changing market trends, such as growing demand for short-term programmes and a greater interest in tailor-made courses. Overall, across all agency businesses, 2001 year-end bookings were estimated to rise by a substantial 42 per cent.

However, the full impact on the market of the events of 11 September were yet to filter through, with one agent reporting that it has had a "detrimental effect on new registrations", indicating a slow start to next year. Indeed, in their forecasts for 2002, US agents are bleak. One agent predicted a drop in bookings of between 30 and 75 per cent, adding that it would not pick up again until "educators and parents feel it is safe" for students to travel. With US consumer confidence hitting a five-year low in September (see right), which is likely to delay the USA's economic recovery, it looks like there are troubled times ahead for US agents.

In 2001, under-18 year olds made up 43 per cent of language travel students. Two agents picked out the 16-to-18 year old age bracket as holding the most potential for future growth, as more students were taking gap years between jobs or college. However, four agents highlighted growth in the 19-to-24 year old age group, which accounted for 35 per cent of total agency bookings. Al-

**Key points**

The total number of students placed in 2001 by the 10 agencies that took part in our survey was 5,682
The total number of student weeks in 2001 among the seven agencies that answered this question was 9,199
Individual agencies placed between 36 and 2,500 students per year
Average growth of combined agency business in 2001 was 42 per cent
Fifty-six per cent of all US language travel students choose to take a language course during June and July
Seventy-two per cent of US students stayed with host families
Fifty per cent of agency clients were prepared to pay US\$300 and above per week for a language course and accommodation
Commission rates from language schools ranged from 15 to 25 per cent, averaging out at 19 per cent
Seven agents charged a handling fee of between US\$40 and US\$500
The number of countries represented by agencies ranged from two to 38

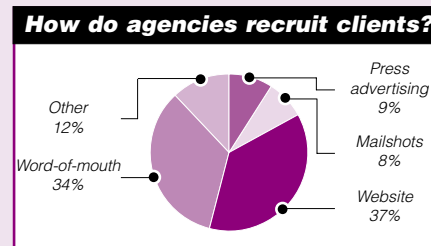
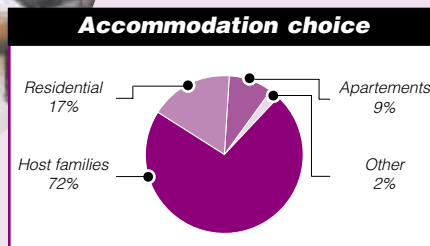
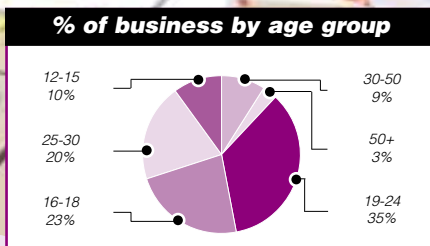
though over-30 year olds only made up 12 per cent of bookings, one agency also said that they were concentrating their marketing efforts on this sector.

As the majority of US language travellers are of college or school age, it follows that the reason why just over half of our respondents' clients wanted to take a language course overseas was for their studies at home. A further 12 per cent were learning the language in preparation for their studies overseas. Twenty per cent of agency clients were learning a language for current or future work purposes while a further 15 per cent were learning it for pleasure only.

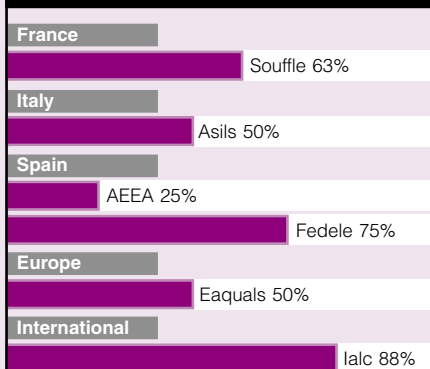
The US language travel market is relatively young and its rapid expansion is reflected in the growth in the number of schools that agencies currently represent. The combined total number of school partners among the agencies in our survey this year was 151, compared with only about 30 schools five years ago.

Owing to the USA's proximity to South America, it comes as no surprise that Spanish was the most popular language in the US market, accounting for the choice of 61 per cent of students. The second most popular language was French, accounting for only 18 per cent of bookings, followed by Italian at 16 per cent. German came in with a low three per cent, while Russian notched up one per cent. Other languages mentioned were Japanese and Portuguese – in fact, one agent mentioned that demand for Portuguese language courses had doubled in 2001.

In terms of destination choice, although South American destinations were closer to the USA, most US students chose to study in Europe. Spain was the number-one choice for the US students placed by our respondents, accounting for around 40 per cent of bookings, although other Spanish language learning destinations mentioned were Costa Rica and Mexico. However, this may change since the events in September, as Americans



### Percentage of agents who recognised each of the following organisations



remain reluctant to travel far. One source confirmed this, reporting that, in general, demand for Spain has been higher than for Mexico, but that since September, they have had more enquiries from students about South American destinations as alternative countries in which to learn Spanish.

Most students had a firm idea about which country they wanted to study in before seeking agency advice. According to our respondents, 69 per cent of students already had a fixed idea of their preferred destination, although after consultation with an agent, 14 per cent of these typically changed their mind. Of the 19 per cent who had already decided upon a town or city in which to study, around 20 per cent changed their mind after seeing an agent, while of the seven per cent who had already selected a school, 16 per cent chose another institution after they had spoken to an agent.

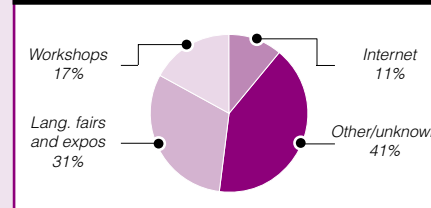
An interesting feature of the US language travel market is the important role the Internet plays in recruiting students. Across all agencies' business, 37 per cent of students were recruited through agency websites, making the Internet the most important recruitment tool for US language travel agencies, above word-of-mouth recommendation, which accounted for 34 per cent of students. In comparison, word-of-mouth recommendation was the most important marketing method for agents in the Korean language travel market, accounting for 38 per cent of clients, while the Internet was in second place with 20 per cent (see *Language Travel Magazine*, November 2001, pages 16-17).

Again, the Internet figured relatively highly when agencies were looking for new schools to represent. About 11 per cent of new school contacts were found through the web, although fairs and exhibitions remained the single most important means of finding new business partners (31 per cent), and workshops accounted for 17 per cent of new school partners. Agents also said they found new schools through word-of-mouth recommendations and referrals from universities. Interestingly, only 40 per cent of agents sold both language travel courses and flights, while only 20 per cent gave advice and help about visa applications.

**Thank you to the following agencies for taking part in our survey:** Alliances Abroad; Culture Quest; DLT Foreign Language Services; Global Discoveries; IES – Institute for the International Education of Students; International Connections; Language Studies Abroad Inc; NRCSA – National Registration Centre for Study Abroad; Spanish Works Inc; Talking Traveler

**The language programmes recommended by the agents who took part in our survey were, in Costa Rica:** Centro Panamericano de Idiomas, Heredia; Forester, San Jose. **In France:** Bordeaux Language Studies, Bordeaux; Centre International d'Antibes, Antibes; France Langue, various. **In Honduras:** Cass, La Ceiba. **In Ecuador:** Academia de Espanol, Quito; ELS, Cuenca. **In Germany:** did Deutsch Institut, Berlin. **In Mexico:** Universidad Internacional, Cuernavaca. **In Canada:** College of the Rockies, Cranbrook, BC. **In Italy:** Koine, Florence; Imalatesta, Rome; Dante Alighieri, Siena. **In Russia:** Liden & Denz Language Centre, St Petersburg. **In Spain:** Babelia, Salamanca; Castilla, Granada; Don Quijote, various; Entforex, various; Escuela Internacional, Madrid; Estudio Internacional Sempere, various; Galileo Galilei, Valencia; International House, Madrid; International House, San Sebastian; Instituto San Fernando de la Lengua Espanol, Seville/Cadiz; Malaca Instituto, Malaga.

### How do agencies find new schools to represent?



### Economic overview

- Revised figures for second quarter growth in the US economy showed that GDP, which was up by only 0.3%, increased at its slowest rate in nine years. Forecasts for the third and fourth quarters of 2001 indicate that GDP growth could be negative, and most analysts are predicting that the US economy will fall into recession by the end of the year.
- The US unemployment rate was 4.9% in 2001, but some economists forecast that it is likely to rise to 6% in the first few months of 2002.
- The US stock market was shut in the aftermath of the terrorist attacks in September, and when it reopened, the Dow Jones Industrial Average plummeted by 14.3%, the largest weekly decline since 1933.
- In August 2001, real disposable personal income increased by 1.9%.
- According to research conducted by the University of Michigan on consumer attitudes after the terrorist attacks on the USA, fear about personal safety is the biggest restraint on economic recovery.
- US consumer confidence sunk to a five-year low after the terrorist attacks on New York and Washington in September. The Conference Board's index of consumer confidence dropped to 97.6 in September, its largest fall since the 1990/91 recession.
- As a result of the events of September 11, analysts forecast a general reduction in consumer and business confidence, and a reduction in air travel.